

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1812 – SB 2236

March 19, 2018

SUMMARY OF ORIGINAL BILL: Broadens the definition of “entertainment properties” under the *Visual Content Act of 2006* and the *Tennessee Film, Entertainment and Music Commission Act of 1987* to include computer-generated imagery, interactive digital media, stand-alone post-production scoring and editing.

Authorizes the Department of Economic and Community Development (ECD) to use funds in the Film and TV Fund to defray marketing expenses incurred in conjunction with the *Visual Content Act of 2006*.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Exceeds \$52,100/Film and TV Fund

IMPACT TO COMMERCE OF ORIGINAL BILL:

Decrease Business Expenditures – Exceeds \$52,100

SUMMARY OF AMENDMENT (015300): Deletes and replaces language in the bill such that the only substantive changes include: replacing the *Visual Content Act of 2006* with the *Visual Content Act of 2018*; adding to the purpose of the Act, to specifically provide incentive grants that encourage the production of computer-generated imagery and interactive digital media, and stand-alone post-production scoring and editing in Tennessee; and adding language to include audiovisual streaming services within the parameters of computer-generated imagery and interactive digital media.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 4-3-4901, the purpose of the *Visual Content Act of 2006* is to provide incentive grants that encourage the production of films, movies, television pilots or programs in the State of Tennessee.

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- Pursuant to Tenn. Code Ann. § 4-3-4903, the Film and TV Fund is a separate account in the General Fund, comprised of funds appropriated by the General Assembly and of gifts, grants and other donations received by ECD or the Tennessee Film, Entertainment and Music Commission.
- This legislation will expand the type of entertainment production properties that are eligible recipients of incentive grants under the *Visual Content Act of 2006*.
- Such additional entertainment production properties include computer-generated imagery, interactive digital media, stand-alone post-production scoring and editing.
- This legislation also authorizes ECD to use funds within the Film and TV Fund to defray marketing expenses incurred in conjunction with *Visual Content Act of 2006*.
- The Governor's recommended budget for FY18-19, on page B-315, includes a non-recurring appropriation of \$3,163,200 to the Film and TV Fund, for a total recommended budget of \$5,211,800.
- Due to multiple unknown factors, the extent and timing of additional grants made as a direct result of this legislation is unknown; however, it is reasonably estimated that such increased grant expenditures from the Film and TV Fund will exceed an amount equal to one percent of the recommended budget, or an amount exceeding \$52,118 (\$5,211,800 x 1%) per year.
- Any additional sales tax revenue collected pursuant to additional film and TV production in Tennessee cannot be reasonably estimated, but is considered to be not significant.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The degree to which this legislation incentivizes additional investment in film and TV production in Tennessee is unknown and cannot be determined with any reasonable certainty; however, it is estimated that this legislation will result in a decrease in business expenditures for the film and TV industry in Tennessee, exceeding \$52,118.
- Any impact to jobs in Tennessee, as a result of this legislation, cannot be determined with any reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/jdb